

LEVEL Studios: How Digital Agencies Must Position Themselves to Lead

I. Overview

Some academic theorists and marketing research firms have pitted traditional agencies against digital agencies and have often found the newly formed, digital agencies coming up short.

To understand why, it's important to examine the nature of the criticism as well as the expressed mission of the top digital agencies and to distinguish their goals from the impression many have formed about them.

The main criticism levied against digital agencies is that they care more about the messenger than the message. That might seem true when you visit the top digital agencies' websites and see how they stress their advanced technology. They appear to be all about new horizons, **exploration** instead of the traditional agency's **exploitation**. Critics argue that with so much time focused on new and exciting technological directions, digital agencies don't initiate a project with the old advertising formula of concept-first. Instead, they build and design first – with the concept to follow.

The solution for some clients is to employ both a traditional advertising agency to create the message and also a digital agency to function as the advertising agency's production arm.

"In some clients' minds, the only job a digital agency can do is to produce an online solution whose content was strategized and created by someone else," said Marshall Uzzle, Director of Content Strategy and Copywriting, LEVEL Studios. "Those of us who want to change that perception strive to create great content as well as platforms and delivery systems."

II. Differences between Traditional and Digital Agencies

To better understand the strengths and weaknesses of each type of agency, it is a valuable exercise to examine the features that make traditional and digital agencies different.

Traditional Agencies

The good: The traditional agency is a giant structure, employing tried-and-true techniques and built on the founding principle that every piece of advertising proceeds from "the idea." Having had years of experience, traditional agencies understand process and have a hierarchical structure that allows for efficiency. With the belief that everything emerges from the concept, they open the door to creative thinking and come up with creative solutions to their clients' marketing

needs. They value exploitation and have a history of knowing how to translate an advertising campaign into profit for their clients, using television, radio and print and expanding now to include various online and mobile solutions (either through outsourcing or building an in-house technology department).

The bad: Traditional agencies don't encourage creative thinking from anyone in the company not paid to do just that, and by so doing, they close the door to ideas that are fresh. Also, they often don't do their homework in-house in terms of truly understanding their customers. They have to bring outside user experience experts and strategists in, who use some of the innovative new technology such as reaction time testing and metaphor elicitation, among other techniques. Otherwise, they have a hit or miss method of reaching their audience. Finally, steeped in tradition and structure, they are slow to move. So when the wave of a rapidly changing future crests, they are left behind in its wake.

The ugly: Their efforts to keep up with new technologies expose them. They have no real interest in technology, often lack the vision to see its enormous possibilities and are reluctant to admit that change has come. So their ventures into the online world are tenuous, at best. Most important, without a realization of the power of technology, their hands are tied in terms of thinking of innovative ways to expose their clients' products in today's world.

Digital Agencies

The good: Digital agencies having enthusiasm for new technologies. The best of them also have enough savvy to anticipate the next innovation that contributes to a seemingly limitless ways of communicating. Their passion has led them to the cutting edge, which now includes cloud computing and communication around connected devices across multiple platforms that was almost impossible to envision several short years ago. They have embraced the field of user experience, becoming expert in identifying and finding the way of approaching in terms of their culture, the door of the CEO is always open to the lowliest intern, and often the office is an open structure where ideas can be shared. Sometimes the most original, freshest ideas come from someone in another discipline than the traditional agency-mix of creative/copywriting/strategy/business. They embrace the future and are already at the next step, leaving behind anyone who holds onto the past.

The bad: For some digital agencies, the enthusiasm for amazingly innovative new delivery platforms sometimes makes the message seem less important than the way the message is communicated. The desire to be on the cutting edge of innovation replaces the core idea(s) that are going to be communicated, as if the technology only were all that mattered.

The ugly: Digital agencies can confuse progress and innovation with human evolution or revolution. They act as if the basics of human interaction have

changed, simply because the methods of communicating have. They think that a careful defining of the target market creates the idea, rather than being deeply informed by such research while still allowing the creative “gut” to speak in an intuitive, real way.

III. Exploration vs. Exploitation

The two most distinguishing approaches that theorists and researchers use to categorize the digital and traditional agencies are **exploration** and **exploitation**. By way of brief definition, exploration involves discovering new technologies, researching, taking risks and making innovations, whereas exploitation is about refining current processes and producing and executing products in an efficient way.

Even though exploration is a process that takes a longer time, it mainly falls inside the purview of the digital agencies, which are nimble enough to be able to change their product lines or approaches as the need arises and are not afraid to take on the unknown. The downside, of course, is that the outcome may not go as expected, so the risk ends up costing the agency valuable resources. The bigger and more staid traditional agencies are engaged in exploitation, which offers benefits in the short run but is also a short-sighted approach, as the golden chances that the future has to offer pass them by.

IV. Efforts to Balance Exploration and Exploitation

An effort to blur the lines between traditional and digital is underway. Attempts by several agencies – both traditional and online – to venture into the other’s “territory” have resulted in mistakes or clumsy moments that reflect the divide between them. Some critics cite well-respected digital agency Razorfish’s *All* detergent TV ad, the “Laundry Fairy,” as evidence of a failing attempt to cross over from digital to traditional.

“They are sort of stuck in between recently acquired marketing knowledge and their digital savvy, trying to combine them to sometimes embarrassing results,” writes media critic, Ana Andjelic.

Perhaps Window’s recent online “I’m gonna puke” ad, created by traditional advertising agency Bradley and Montgomery, is the prime example of a misstep. In an effort to promote Internet Explorer 8 in a hip, cutting-edge way, it shows a woman vomiting unceasingly after she discovers her husband’s porn site – and then her husband slipping in her vomit. Needless to say, the promotion didn’t succeed.

V. Trends in Advertising, Marketing and Media

Despite the stumbles, there is no doubt that the future belongs to those agencies that understand various approaches of messaging and how to transform familiar traditional methods into digital solutions. In today's world, an agency without a passion for innovation and a deep knowledge of technological advances is a follower, not a leader. An agency that doesn't know how to identify the core of the "story" behind every product being sold – and simultaneously respect the multiple ways in which it can be told – will be left in the dust.

VI. The Ideal Agency Today and in the Future

The very best digital agencies are now examining the proposition: Imagine what would happen if the best traits of each type of agency were merged, forming a new agency. Imagine if the user were not only identified but painted in such detail that his or her needs were clear. Imagine if both the message and the messenger were stressed. Imagine if exploration and exploitation could be housed under one roof. Then an ideal agency would exist, one which could meet the demands of a fast-paced, ever-changing communications environment.

Now, imagine if the ways of addressing those consumer needs were contained in communications that surpassed all our common understanding of how to connect with each other – making use not only of our webs and cell phones, etc., but of our current household appliances. And transported by devices not yet even invented. Imagine a world where all the information traveled in a cloud, moving with the consumer, available upon demand, with one story told in various pieces across the vastness of a seamless, interconnected universe.

The agency that understands all this will have a place in the future. And digital agencies, by the very nature of their understanding of technology, are poised to take a leading position.

VII. Confronting These Issues Defines Digital Agency Leaders

Any digital agency confronting the issues described here will not only have the tools to buoy its own strengths but will also be in a position to acquire the knowledge and virtues that previously belonged only to traditional agencies. It's important to face these issues head on. To borrow from Socrates: "An unexamined agency is not worthy of existing."

The future belongs to those digital agencies that proceed with transparency, crave honest reflection and are unafraid to learn about themselves as well as what the expanding world of technology has to offer.

The digital agency that understands this will be the leader in this brave new world of communications.